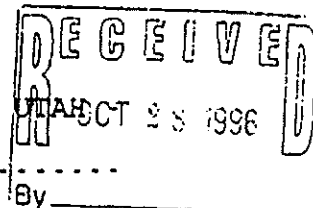


Exhibit A

- BEFORE THE PUBLIC SERVICE COMMISSION OF



.....
In the Matter of the Request for)
Agency Action of TCG UTAH for)
Authority to Provide Intrastate)
Telecommunications Services in the)
State of Utah.)

DOCKET NO. 96-2211-01

REPORT AND ORDER

.....
ISSUED: October 24, 1996

SYNOPSIS

By this Report and Order, the Public Service Commission of Utah (the "Commission") grants the request of TCG Utah ("TCG") for a Certificate of Public Convenience and Necessity ("Certificate") authorizing it to provide local exchange services and other public telecommunications services within the State of Utah, except within any local exchange with fewer than 5,000 access lines that is owned or controlled by an incumbent telephone corporation with fewer than 30,000 access lines within the State. The Commission, having considered the record in this proceeding and the applicable law, hereby makes, adopts, and enters the following Report and Order.

.....
By the Commission:

PROCEDURAL HISTORY

TCG filed its Request for Agency Action in this matter on April 8, 1996, pursuant to Utah Code Ann. §§ 54-8b-2.1 and 54-8b-2.3 and Title 63, Chapter 46b of the Utah Admin. Procedures Act. TCG filed written testimony, and TCG, the Division of Public Utilities ("DPU"), and the Committee of Consumer Services ("CCS") filed a written Stipulation to Compliance with Statutory Factors. A hearing was held on October 9, 1996.

SUMMARY OF EVIDENCE

Karen Notsund, Western Region Manager, Regulatory and External Affairs, Teleport Communications Group, Inc., filed direct testimony on behalf of TCG. Ms. Notsund testified that TCG is a

general partnership authorized to do business in Utah and that TCG's principal offices are located at 136 South, Suite 709, Salt Lake City, Utah 84101.

Ms. Notsund testified that TCG is constructing a telecommunications network of fiberoptic cable and facilities within Salt Lake City and surrounding areas, installed by TCG or obtained from others. She testified that TCG plans to install a DMS 500 switch, and that the network will deploy SONET or equivalent transmission technology for redundant electronics and call routing to ensure reliable telecommunications services. In addition, Ms. Notsund testified that where TCG does not have its own facilities, TCG may provide dedicated services through resale or the purchase of unbundled network elements of another local exchange carrier, and that until the TCG switch is installed, TCG will offer switched services through resale of local exchange carrier's services.

Ms. Notsund testified that TCG has sufficient financial resources and abilities to provide the public telecommunications services for which it has applied for a Certificate. She testified that TCG has a secure and sufficient source of funding for its Utah operations that will enable the company to meet projected capital and operating expenses and to implement its business plans.

Ms. Notsund also testified that TCG has sufficient technical and managerial resources and abilities to provide the

public telecommunications services for which it has applied for a Certificate. She testified that TCG has retained the services of experienced telecommunications personnel to oversee, install and operate its Utah intrastate network. She testified that TCG also has access to the extensive managerial and technical expertise of its parent company, which supervises affiliates of TCG that have constructed and operate (or currently are constructing) fiberoptic networks in 21 states and have been authorized to provide local exchange service in 14 states including California, Connecticut, Florida, Illinois, Maryland, Massachusetts, Michigan, New Jersey, New York, Oregon, Pennsylvania, Texas, Washington State, and Wisconsin.

Ms. Notsund testified that TCG intends to offer a variety of intraexchange and interexchange switched and dedicated services and that all of the intrastate services initially offered by TCG will be subject to competition from services offered by US West and other certified local exchange providers. She also testified that the issuance of a certificate to TCG to offer the public telecommunications services the company seeks to provide is in the public interest. TCG's service offerings, Ms. Notsund testified, will provide customers with a wider range of choices in meeting their telecommunications needs and will support the development of competition which will exert downward pressure on rates for services subject to competition and upward pressure on the quality

and availability of such services. She further testified that TCG is installing modern fiberoptic technology that will enhance the telecommunications infrastructure in the State and will provide for alternate networks in the event of damage or destruction of existing facilities, and that the general welfare and economy of the State will be enhanced by the increased competition that will result from TCG's entry into the intrastate telecommunications market.

TCG, the DPU and the CCS stipulated that this testimony and supporting information provided by TCG demonstrated that TCG has sufficient financial, technical and managerial resources and abilities to provide the public telecommunications services for which it has applied and that the issuance of the requested Certificate is in the public interest. They also stipulated that TCG would comply with the reporting requirements, and should be granted the regulatory waivers, set forth in Exhibit "B" to this Report and Order.

FINDINGS OF FACT

1. TCG is a general partnership authorized to do business in Utah. TCG's principal offices are located at 136 South Main Suite 709, Salt Lake City, Utah 84101.
2. TCG has requested that the Commission grant a Certificate of Public Convenience and Necessity authorizing it to provide local exchange services and other public

telecommunications services throughout the State of Utah, except within any local exchange with fewer than 5,000 access lines that is owned or controlled by an incumbent telephone corporation with fewer than 30,000 access lines within the State.

3. TCG is constructing a telecommunications network of fiberoptic cable and facilities within Salt Lake City and surrounding areas, installed by TCG or obtained from others. TCG plans to install a DMS 500 switch, and the network will deploy SONET or equivalent transmission technology for redundant electronics and call routing to ensure reliable telecommunications services. The network will also feature SS7 signaling and database capabilities. Where TCG does not have its own facilities, TCG may provide dedicated services through resale or the purchase of unbundled network elements of another local exchange carrier, and that until the TCG switch is installed, TCG will offer switched services through resale of local exchange carrier's services.
4. TCG will interconnect its network with other local exchange carriers and interexchange carriers to bring a full range of services and calling capabilities to its customers.
5. TCG has retained the services of experienced

telecommunications personnel to oversee, install and operate its Utah intrastate network. TCG also has access to the extensive managerial and technical expertise of its parent company, which supervises affiliates of TCG that have constructed and operate (or currently are constructing) fiberoptic networks in 21 states and have been authorized to provide local exchange service in 14 states including California, Connecticut, Florida, Illinois, Maryland, Massachusetts, Michigan, New Jersey, New York, Oregon, Pennsylvania, Texas, Washington State, and Wisconsin.

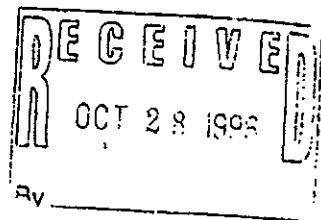
6. TCG has sufficient technical resources and abilities to provide the public telecommunications services for which it has applied for a Certificate.
7. TCG has sufficient managerial resources and abilities to provide the public telecommunications services for which it has applied for a Certificate.
8. TCG has a secure and sufficient source of funding for its Utah operations that will enable the company to meet projected capital and operating expenses and to implement its business plans.
9. TCG has sufficient financial resources and abilities to provide the public telecommunications services for which it has applied for a Certificate.

10. TCG intends to offer a variety of intraexchange and interexchange switched and dedicated services.
11. All of the intrastate services initially offered by TCG will be subject to competition from services offered by US West and other certificated local exchange providers.
12. The issuance of a Certificate to TCG to offer the public telecommunications services the company seeks to provide is in the public interest. TCG's service offerings will provide customers with a wider range of choices in meeting their telecommunications needs and will support the development of competition which will exert downward pressure on rates for services subject to competition and upward pressure on the quality and availability of such services. TCG is installing modern fiberoptic technology that will enhance the telecommunications infrastructure in the State and will provide for alternate networks in the event of damage or destruction of existing facilities. The general welfare and economy of the State will be enhanced by the increased competition that will result from TCG's entry into the intrastate telecommunications market.
13. The issuance of a Certificate to TCG to provide the public telecommunications services the company seeks to provide is in the public interest.

14. TCG, the DPU and the CCS entered into a Stipulation in respect to the reports to be made by TCG to the Commission and the DPU. The substance of the stipulation is included in Exhibit "B" to this Report and Order and is incorporated by reference.
15. The reporting requirements in Exhibit "B" are in the public interest and should be binding on TCG until modified by the Commission.
16. TCG has applied for exemptions from the requirements of various of the provisions of the Utah Code and the Commission's Rules and Regulations. TCG, the DPU and the CCS entered into a Stipulation with respect to exemptions from the requirements of the Utah Code and the Commission's Rules and Regulations. The substance of the stipulation is included in Exhibit "B".
17. The grant of exemptions from the provisions of the Utah Code and the Commission's Rules and Regulations, as set forth in Exhibit "B", is in the public interest.

CONCLUSIONS OF LAW

1. TCG meets each of the statutory requirements (Utah Code §§ 54-8b-2.1, et seq.) for issuance of a Certificate as a telecommunications corporation.
2. TCG meets each of the statutory requirements (Utah Code §§ 54-8b-2.1, et seq.) for authorization to provide the



public telecommunications services for which it seeks a Certificate.

3. The issuance of a Certificate to TCG to provide the public telecommunications services for which it has applied is in accord with the legislative policy declarations set forth in Utah Code § 54-8b-1.1.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED as follows:

- A. The Commission hereby grants to TCG the Certificate that is attached hereto as Exhibit "A" and by reference made a part of this Report and Order.
- B. TCG shall provide reports to the Commission and to the Division of Public Utilities, as set forth in Exhibit "B" and by reference made a part of this Report and Order.
- C. TCG is made exempt from certain provisions of the Utah Code and the Commission's Rules and Regulations, as set forth in Exhibit "B".
- D. TCG is hereby granted the right to interconnect with the facilities of US West Communications, Inc. ("US West"), and to purchase essential services from US West on a nondiscriminatory and reasonably unbundled basis consistent with the statute.
- E. TCG is hereby granted the right to price its services by means of a price list or competitive contract consistent

with the statute.

F. Subject to the provisions of this Report and Order and the attached Certificate, TCG is hereby authorized to undertake such additional activities as are necessary or incidental to bring into operation its services.

DATED at Salt Lake City, Utah, this 24th day of October,

1996.

/s/ Stephen F. Mecham, Chairman

(SEAL)

/s/ Constance B. White, Commissioner

/s/ Clark D. Jones, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary

EXHIBIT "A"

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Request for)	<u>DOCKET NO. 96-2211-01</u>
Agency Action of TCG UTAH for)	
Authority to Provide Intrastate)	<u>CERTIFICATE</u>
Telecommunications Services in the)	
State of Utah.)	

ISSUED: October 24, 1996

By the Commission:

The Public Service Commission of Utah, pursuant to Utah Code Ann. §§ 54-8b-2.1, et seq., hereby issues a Certificate of Public Convenience and Necessity authorizing TCG Utah ("TCG") to provide local exchange services and other public telecommunications services anywhere within the State of Utah, as described in Exhibits which shall be filed by TCG and which shall be effective ten (10) days after filing, except within any local exchange with fewer than 5,000 access lines that is owned or controlled by an incumbent telephone company with fewer than 30,000 access lines within the State. The Exhibits shall define the service territory in the State and shall specify the public telecommunications services offered.

TCG shall file a revised Exhibit at such time as TCG intends to expand or otherwise change the public telecommunications services it offers or the geographic area in which it offers a

public telecommunications service within the State.

US West Communications, Inc., the Division of Public Utilities, or the Committee of Consumer Services may file a Request for Agency Action that seeks to expand or contract the definition of TCG's service territory as specified in any Exhibit filed in accordance with this Certificate. The mere filing of a challenge to the Exhibit shall not suspend its effectiveness. No suspension or change of an Exhibit can occur without a hearing. No hearing shall be required if a challenge to the Exhibit is not filed. The Commission shall after notice and hearing have the right, jurisdiction and power to require TCG to refile the Exhibit in accordance with the Commission's decision on the proper definition of TCG's service territory.

DATED at Salt Lake City, Utah, this 24th day of October, 1996.

/s/ Stephen F. Mecham, Chairman

(SEAL)

/s/ Constance B. White, Commissioner

/s/ Clark D. Jones, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary

EXHIBIT "B"

TCG Utah
Competitive Local Exchange Carrier
Regulatory Reporting

TCG Utah ("TCG"), as a competitive local exchange carrier ("CLEC"), shall be required to report periodically to the Utah Public Service Commission ("Commission") and the Division of Public Utilities ("DPU") certain financial and operational information. The scope and nature of the information subject to such reporting, obligation to serve, and other statutory or regulatory requirements may be modified over time, as issues needing resolution arise and as competition increases in the Utah telecommunications market. TCG initially shall report the following information on an annual basis, should be granted statutory and regulatory waivers, and subject to service obligations as specified below:

I. Annual Report

TCG shall file an Annual Report, which shall be subject to a protective order issued by the Commission, on or before March 31 of each year, unless TCG requests and obtains an extension. The Annual Report shall contain the following:

- A. Annual Revenues from operations attributable to the State of Utah by major service categories. Such information would be provided on a "Total Utah" and "Utah Intrastate" basis. "Total Utah" will consist of the total of interstate and intrastate revenues. "Utah Intrastate"

will reflect only revenues derived from intrastate tariffs, price lists, or contracts. Both Total Utah and Utah Intrastate revenues shall be reported according to at least the following classes of service: (1) private line and special access, (2) business local exchange, (3) residential local exchange, (4) measured interexchange, and (5) vertical services. Business local exchange, residential local exchange and vertical service revenue will be reported by geographic area, to the extent feasible.

- B. Annual Expenses and Estimated Taxes attributed to operations in the State of Utah.
- C. Year End Balances by Account for Property, Plant, Equipment, Annual Depreciation, and Accumulated Depreciation for telecommunications investment in Utah. The Actual Depreciation Rates which were applied in developing the annual and accumulated depreciation figures shall also be shown.
- D. Financial Statements maintained in accordance with generally accepted accounting principles in the ordinary course of business. These financial statements shall at a minimum include an income statement, balance sheet and statement of cash flows.
- E. List of Services offered to customers and the geographic

areas in which those services are offered. This list shall be current and shall be updated whenever a new service is offered or a new area is served.

- F. Number of Access Lines in Service by geographic area, segregated between business and residential customers.
- G. Number of Messages and Minutes of Services for measured services billed to end users.
- H. List of Officers and Responsible Contact Personnel updated annually.
- I. Chart of Accounts. In addition to the foregoing, TCG will provide its chart of accounts as existing and updated (no less than annually). TCG will also work with the Division in good faith to develop a method of estimating intrastate expenses and investments.

II. Applicable Statutory Provisions and Exemptions from Statutes and Waiver of Regulations.

As a CLEC, TCG should be exempted from the following statutory provisions and regulations:

A. Exemptions from Title 54

- | | | |
|-----------------|----|----------------------------------|
| 54-3-8, 54-3-19 | -- | Prohibitions of discrimination |
| 54-7-12 | -- | Rate increases or decreases |
| 54-4-21 | -- | Establishment of property values |
| 54-4-24 | -- | Depreciation rates |
| 54-4-26 | -- | Approval of expenditures |

B. Waivers of Regulations

R746-340-2(D)	--	Uniform System of Accounts (47 CFR 32)
R746-340-2(E)(1)	--	Tariff filings required
R746-340-2(E)(2)	--	Exchange Maps
R746-341	--	Lifeline ¹
R746-344	--	Rate case filing requirements
R746-401	--	Reporting of construction, acquisition and disposition of assets
R746-405	--	Tariff formats
R746-600	--	Accounting for post-retirement benefits

III. Obligations with Respect to Provision of Services.

TCG agrees to provide service within specified geographic areas upon reasonable request and subject to the following conditions:

- A. TCG's obligation to furnish service to customers is dependent on the availability of suitable facilities on its network at company designated locations. TCG will provide a network route map identifying such locations initially and as TCG may expand service. The network route map will be updated no less frequently than annually.

¹ This regulation would be waived only until the Commission establishes Lifeline rules that may include TCG or until TCG begins to provide residential local exchange service.

- B. TCG will only be responsible for the installation, operation, and maintenance of services that it provides.
- C. TCG will furnish service if it is able to obtain, retain and maintain suitable access rights and facilities, without unreasonable expense, and to provide for the installation of those facilities required incident to the furnishing and maintenance of that service.
- D. At its option, TCG may require payment of construction or line extension charges by the customer ordering telephone service. Such charges will be in addition to the normal rates and charges applicable to the service being provided.
- E. Where potential customers are so located that it is necessary or desirable to use private and/or government right-of-way to furnish service, such potential customers may be required, at TCG's option, to provide or pay the cost of providing such right-of-way in addition to any other charges.
- F. All construction of facilities will be undertaken at the discretion of TCG, consistent with budgetary responsibilities and consideration for the impact on TCG's other customers and contractual responsibilities.

IV. Modification

It is anticipated that to the extent such requirements impact competitive entry or impact effective competition that they will be subject to the rulemaking requirements of Utah Code Ann. § 54-8b-2.2 and that the provisions set forth herein shall be superseded by any such rule adopted by the Commission.